

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

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SUBJECT: Approval of January 9, 2001

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: February 8, 2001

INFORMATION: \_\_\_\_\_

PRESENTER(S): Chairperson

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Please see the attached minutes of the January 9, 2001, meetings of the Teachers' Retirement Board.

PROPOSED  
MINUTES OF THE  
TEACHERS' RETIREMENT BOARD  
OPEN SESSION  
TUESDAY, JANUARY 9, 2001  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
FIRST FLOOR BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA 95826

**BOARD MEMBERS PRESENT**

Emma Zink, Chairperson  
Yvonne Gallegos Bodle  
George Fenimore  
Gary Lynes  
Marty Mathiesen  
Lillian Raffel  
Walter Barnes, representing the State Controller, Kathleen Connell  
Curt Robinson, representing the Superintendent of Public Instruction, Delaine Eastin  
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides  
Annette Porini, representing the Director of Finance, B. Timothy Gage

**STAFF PRESENT**

James D. Mosman, Chief Executive Officer  
Christopher Ailman, Chief Investment Officer  
Christopher Waddell, Chief Counsel  
Elleen Okada, Director, Investment Administration and External Relations  
Peggy Plett, DCEO, Administration  
Michael Carter, DCEO, Client Benefits and Services  
Laurence Martin, DCEO, Information and Financial Systems  
Ed Derman, DCEO, External Affairs and Program Development  
Ken Costa, START Project Director  
Mary Miles, Administrative Assistant

**OTHERS PRESENT**

Maureen Rice, WorldGroup Consulting  
Laura Metzger, Science Applications International Corporation  
Michael Green, CTA  
Susan Goff, CRTA  
Beverly Carlson, CTA  
Dorothy Moser, UTLA-R  
Bill Collins, CTA  
Lois Shive, CTA  
Al Reyes, UTLA  
Edna White, CRTA  
Barbara Bylsby, San Juan Teachers Association  
Diane Christianson, DPA

Karen Stapf-Walters, ACSA  
Dave Walrath, CRTA  
Rusty Selix, ART  
Donald Douglas, CTA-Retired

A quorum being present, Chairperson Zink called the meeting to order at 12:05 p.m.

II. **APPROVAL OF MINUTES OF NOVEMBER 9, 2000 MEETING**

MOTION duly made by Mr. Mathiesen, seconded by Mr. Fenimore, and carried to approve the Board Meeting Minutes of November 9, 2000.

III. **ANNOUNCEMENTS**

Chairperson Zink presented clocks to the retirement coalition members and organizations to memorialize their efforts in securing the 2000 Benefit Enhancement Package. Mr. Collins accepted for CTA, Ms. Sanchez for CFT, Mr. Reyes for Mr. Lambert and UTLA, Ms. Stapf-Walters for ACSA, Mr. Walrath for CRTA, and Mr. Selix for ART. Clocks will also be sent to Mr. McCallum and to Mr. Hawkins for FACCC.

IV. **COMMITTEE REPORTS**

INVESTMENT COMMITTEE: Mr. Lynes, Chairperson of the Investment Committee, reported that, in open session, the Investment Committee approved the Revision of the 2000/01 Investment Branch Objectives and directed staff to go forward with Alternative Investment's Study for Underserved Urban and Rural Communities. The Committee received the Quarterly Litigation Report and the Report of the Chief Investment Officer. Mr. Lynes also reported that, in closed session, the Committee made a decision on a real estate investment that exceeded staff's delegation.

BY CONSENSUS, the report of the Investment Committee was accepted.

BENEFITS AND SERVICES COMMITTEE: Dr. Bodle, Chairperson of the Benefits and Services Committee, reported the Committee approved the Consent Agenda and received a response on the issue of Retirement Counseling Appointments. The Committee also heard informational reports on the Proposed Long-Term Care Warrant Stub Message for April 2001, Warrant Stub Message for February 1, 2001, and the Level of Service Standards.

BY CONSENSUS, the report of the Benefits and Services Committee was accepted.

V. **CHIEF EXECUTIVE OFFICER REPORT**

Mr. Mosman advised the Board of a possible short-term disruption of service levels due to the START Project and the new Medicare Program. Mr. Mosman also stated that the 1099's would be distributed on time.

VI. **START PROJECT STATUS**

Mr. Costa, Ms. Rice of WorldGroup Consulting, and Ms. Metzger of Science Applications International Corporation provided an update on the START Project. Mr. Costa reported the targeted “go live date” was still scheduled for March 15 and the converted data testing was 94 percent complete. Mr. Costa also reported that staff was waiting for the program changes associated with the new legislation.

VII. **UPDATE ON LEGISLATION**

STATE: Mr. Derman reported staff would be bringing proposed legislation for the Board’s review in February. Mr. Mathiesen commented on the need to bring Purchasing Power up to 80 percent and hoped the Board would support such an effort.

FEDERAL: Mr. Derman stated the third installment of the Elk Hills settlement would be paid in October. Mr. Derman reported the passage of the General Medicare Package would provide some relief from the Medicare Part A penalties, but no firm estimate of savings had been determined. Also, the changes in the pension benefits portability were not approved, but should be included in this year’s tax bill.

Ms. Moser, UTLA-R, also commented on the importance of raising purchasing power to 80 percent and the need to work until 100 percent purchasing power has been achieved.

VIII. **MEDICARE BENEFITS PROGRAM FINANCING**

Mr. Derman presented this item.

MOTION duly made by Ms. DuCray-Morrill, seconded by Ms. Raffel, and carried to approve staff to credit \$4.8 million in employer contributions to the Teachers Healths Benefit Fund for the balance of 2000-01.

Mr. Fenimore left at 12:48 p.m.

IX. **APPROVAL OF CONTRACTS EXCEEDING \$500,000**

Mr. Hynson presented two contracts for the Board’s review.

MOTION duly made by Ms. DuCray-Morrill, seconded by Mr. Lynes and carried to approve the contract amendment of \$50,000 for Hogan and Hartson, as presented.

MOTION duly made by Ms. Raffel, seconded by Mr. Mathiesen, and carried to approve the contract authority for the START Maintenance Contract with WorldGroup Consulting as presented. Ms. DuCray-Morrill voted no.

X. **TRAVEL**

Mr. Mosman presented this item.

MOTION duly made by Ms. Raffel, seconded by Mr. Mathiesen, and carried to approve the travel requests as presented. Mr. Barnes voted no.

MOTION duly made by Ms. Raffel, seconded by Dr. Bodle, and carried, to approve the travel summaries as submitted. Mr. Barnes voted no.

XI. **QUARTERLY LITIGATION REPORT**

Mr. Waddell reported there had been a change in the assigned judge on the Grantham and Donner v. Board of Administration of CalSTRS resulting in a postponement of the hearing and that the new hearing date had not yet been established.

XII. **DRAFT AGENDA FOR THE FEBRUARY REGULAR MEETING**

Mr. Lynes requested staff to consolidate the two-day meetings into a one-day meeting whenever possible.

XIII. **OPPORTUNITIES FOR STATEMENTS FROM THE PUBLIC**

There were none.

XIV. **MOVED TO CLOSED SESSION**

Chairperson Zink moved into closed session at 12:55 p.m.

XV. **ADJOURNMENT**

There being no further business to conduct, the meeting was adjourned at 12:58 p.m.

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James D. Mosman, Chief Executive Officer  
and Secretary to the Teachers' Retirement Board

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Emma Zink, Chairperson